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DEPARTMENT FOR EAP/MTS, EAP/RSP, AND OES

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SUBJECT: HEART OF BORNEO: BRUNEIAN IMPLEMENTATION PLAN

REF: A. BANDAR SERI BEGAWAN 156 (NOTAL)

[1](#)B. BANDAR SERI BEGAWAN 228

SUMMARY

[1](#)1. Brunei has completed its draft Project Implementation Framework (PIF) for the Heart of Borneo (HOB) forest conservation initiative, meant to serve as a national roadmap for HOB implementation. It recommends expanding the HOB zone to 74 percent of Brunei's land area, divided into forest preserves and areas of carefully managed and sustainable economic activity. The PIF defines objectives and strategies for the HOB in Brunei and recommends that 36 specific "interventions" be undertaken over ten years at an estimated cost of USDOLS 6.5 million. To manage these activities, the Government of Brunei (GOB) plans to establish a National HOB Centre that will operate as a public-private partnership with half of HOB funding derived from the private sector. The draft PIF represents a genuine commitment by the GOB to begin turning the HOB vision into reality, but will mean little without concomitant progress by the much larger HOB partners Malaysia and Indonesia. Embassy recommends that any USG support for the GOB's HOB efforts be targeted at activities that are multilateral in nature or produce outcomes transferable to other parts of Borneo. End Comment.

STAKEHOLDERS MEETING

[1](#)2. On December 6 Brunei's HOB National Steering Committee hosted a stakeholders meeting to discuss the draft final report on the Project Implementation Framework for the HOB in Brunei. The report was prepared by Dato Mikaaail Kavanagh, a partner in the Malaysian firm ERE Consulting and former Executive Director of World Wildlife Fund Malaysia, under a grant from Brunei Shell Petroleum (BSP). Deputy Minister of Industry and Primary Resources Dato Hamdillah bin Haji Abdul Wahab chaired the meeting. In addition to some sixty government officers and the Managing Directors of BSP and its sister company Brunei LNG, Chiefs of Mission from the UK, Malaysia, Japan, and Singapore attended, as did an officer from the Indonesian Embassy. Ambassador Skodon represented the U.S.

TOTAL HOB AREA EXPANDED

13. The PIF draft argues that Brunei, despite its small size relative to HOB partners Indonesia and Malaysia, can make a uniquely important contribution to the HOB because its hydrocarbon wealth has limited the need to exploit its forest assets and because it offers the opportunity to connect the highland forests of Borneo to the mangroves and other coastal forests on Brunei's South China Sea coast. It also points out, however, that Brunei faces a large task in developing the legal framework, administrative structures, and expertise required for sustainable management of its tropical forests. (We have requested a complete text of the 120 page report to pouch to EAP/MTS.)

14. The draft PIF recommends that the total area devoted to the HOB within Brunei be increased to 426,554 hectares, more than 20 percent over the initial projection and approximately 74 percent of Brunei's total land area. Dato Kavanagh stressed that this entire zone would not be "locked away" from human use. To the contrary, although the HOB would have to be carefully managed in a sustainable fashion, the initiative could not be successful unless it proved to be economically viable and compatible with ongoing productive activities. Accordingly, the draft PIF divides Brunei's HOB territory into existing protected areas where only low-impact activities such as research and eco-tourism would be permitted (approximately 90,000 hectares), proposed new protected areas (about 16,000 hectares), and areas for sustainable forestry, forest rehabilitation, and closely

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managed human use (settlements, agriculture, sand mining, and oil and gas extraction).

HOB OBJECTIVES, STRATEGIES, AND "INTERVENTIONS"

15. The draft PIF proposed the following five objectives for the HOB in Brunei:

- conserve representative forest and freshwater habitats as well as the biological diversity therein;
- contribute to economic diversification by developing non-timber use of forests, particularly tourism, biotechnology, and other innovative means;
- set out an integrated framework for sustainable forest use;
- re-establish forest connectivity and greening of degraded areas through reforestation and rehabilitation; and,
- build public support for HOB and general conservation awareness.

16. In order to achieve these objectives, the PIF draft proposes the following four strategies, each of which is buttressed by recommended actions, or "interventions:"

- Strategy 1: Conservation. Unique biological resources of the HOB shall be conserved and used with due consideration for long-term sustainability of ecosystems, focusing on strengthening the protected area network, transboundary cooperation and improving management capacity.
- Strategy 2: Tourism Development. Tourism in the HOB shall be enhanced through development of niche nature tourism products and joint tourism promotion with the

other Bornean countries, with the scale of development taking into account environmental and cultural sensitivities.

-- Strategy 3: Management of Non-Renewable Resources. Development of such resources (extraction of sand, coal, oil, and gas) shall be carried out in a manner that imposes minimal impacts on the environment and protects the integrity of forest connectivity.

-- Strategy 4: Outreach. Continuous environmental education and awareness, with focus on community outreach programs, shall be promoted to ensure the sustainability of the HOB.

17. The 36 "interventions" that the draft PIF proposes to implement these strategies range from the very specific ("Gazette Belait peat swamp as a forest preserve") to the vaguely hopeful ("Initiate discussion with Sarawak/Malaysia on integrated management of Brunei Bay"). They include practical measures to fill the gaps in Brunei's capacity for environmental protection, including establishment of a "Department of Biodiversity Protection and National Parks" or "National Wildlife Agency" to concentrate responsibilities now spread throughout the government, and creation of an Environmental Impact Assessment process for major projects within the HOB area. Their implementation is to be spread out over nine years at a total estimated cost of BDOLS 9.4 million (approx USDOLS 6.5 million), beginning with an expenditure of BDOLS 650 thousand (USDOLS 450 thousand) in 2008.

HOB MANAGEMENT FRAMEWORK

18. There was considerable discussion at the stakeholders meeting about a national management framework for the HOB. After the full cabinet and Sultan approve the PIF, the GOB hopes to set up an HOB National Council to provide overall policy guidance and coordination, chaired by the Minister of Industry and Primary Resources and

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including other government agencies as well as NGO's and private sector representatives. Additionally, an Interim Coordination Unit with a staff of five and an estimated two-year budget of BDOLS 1.6 million (USDOLS 1.1 million) will be established no later than the next trilateral HOB coordination meeting in April of 2008.

19. The Interim Coordination Unit is to serve as the acting National HOB Secretariat and will coordinate planning for a National HOB Centre which is expected to take over management of the HOB in Brunei by 2010. That organization will probably be split between an executive office in Bandar Seri Begawan and a training and wildlife breeding center within Brunei's HOB area, possibly co-located with the planned National Tropical Biodiversity Centre.

FUNDING VIA PRIVATE-PUBLIC PARTNERSHIPS

110. Dato Hamdillah emphasized that the GOB hopes to continue implementing the HOB as a public-private partnership. The operation of the projected national HOB Centre may be contracted out to a private entity or NGO, which would operate under the policy guidance provided by the HOB National Council and draw from a GOB-managed trust fund for project financing. He expressed the hope that the cost of that center and of the interventions specified in the draft PIF could be split 50-50 between the GOB and private sector donors. The draft PIF even

proposes the establishment of funding levels that would entitle private companies to be designated as Bronze, Silver, Gold, or Platinum HOB donors, with Platinum donors being given a seat on the National Steering Committee and later the HOB National Council.

¶11. The draft PIF names several foreign research institutions as supporters of individual "interventions," including the Smithsonian Tropical Research Center and Harvard University. A Ministry of Foreign Affairs and Trade representative who attended the stakeholders meeting stated that Brunei should look for international governmental donors as well. He claimed that some such prospective donors were constrained from providing funds to Brunei because it had not yet signed the Convention on Biological Diversity, but that the GOB hoped to rectify this situation by signing the CBD in 2008.

¶12. Ambassador noted that some potential governmental donors might also face constraints in providing funds to a country with a per capita income as high as Brunei's. He recommended that, whenever possible, Brunei seek to involve HOB partners Malaysia and Indonesia in the implementation of its proposed "interventions," both to increase the effectiveness of such actions and to ease the path for donors who might find it easier to support multilateral projects involving those countries.

COMMENT AND RECOMMENDATION

¶13. As previously reported, the HOB has captured the public imagination in Brunei. The GOB is responding to that enthusiasm with what appears to be a genuine effort to put some meat on the bones of the original HOB vision. Its goal of having private donors meet half the projected funding needs is attainable, since the large companies that operate in Brunei's hydrocarbon sector will gain considerable public relations benefits from supporting this visible and popular environmental initiative.

¶14. Less encouragingly, the GOB seems to have dropped for now any mention of a trilateral secretariat in Brunei to coordinate HOB activity Borneo-wide, due to differences with Malaysia and Indonesia about whether and/or where such a secretariat should be established (ref B). Even if the objectives set out in the draft national PIF become reality -- not a given -- it will matter little unless Brunei's much larger Bornean neighbors undertake successful HOB efforts of their own. Embassy recommends that the USG focus on supporting those PIF "interventions" that are multilateral in nature

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and/or produce outcomes that could be applicable in Malaysia or Indonesia as well. END COMMENT.
SKODON